ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

RECEIVED

JUN 27 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Amendment of Rules and Policies	)	GC 97-98
Governing Pole Attachments	)	

COMMENTS OF SPRINT CORPORATION

Jay C. Keithley
1850 M Street, N.W., Suite 1100
Washington, DC 20036
(202) 857-1030

Joseph P. Cowin
P. O. Box 11315
Kansas City, MO 64112

Its Attorneys

June 27, 1997

No. of Copies rec'd 0+6
List ABCDE

TABLE OF CONTENTS

SUMMARY

By Notice of Proposed Rulemaking ("NPRM") issued in the above referenced docket on March 14, 1997, the Commission seeks comment on proposed modifications to the Commission's rules relating to the maximum just and reasonable rates utilities may charge for attachments made to a pole, duct, conduit or right-of-way, commonly referred to as pole attachments. The Commission indicates in the NPRM that it believes that a re-evaluation of this formula may be necessary to improve accuracy in the continued application of these rules to cable television systems and to telecommunications carriers pursuant to the Telecommunications Act of 1996 ("1996 Act"). The Commission also proposes amending the formula so that the formula reflects the Commission's current accounting rules that apply to telephone companies.

Sprint submits that modifications to the formula are necessary to reflect the current state of the use of pole attachments in the industry. Specifically, Sprint submits that the useable space assumed in the formula for all poles should be decreased from the current level 13.5 feet to 10 feet. This is based on the current 13.5 foot assumption for useable space on a pole adjusted for removing the NESC required clearance of the 40 inch safety space.

In addition, Sprint is sympathetic to the issues set forth in the SWB petition filed with the Commission concerning the impact of negative plant balances on the use of the formula. Sprint agrees that companies with low or negative book value are not recovering the minimum costs of the attachment

they are entitled to recover based on the proposed formula for pricing of pole attachments. Sprint supports the intent of the SWB Petition to cure the negative rate problem. Sprint agrees that cost of removal should then be left out of the equation for the calculation of depreciation, return and tax components (because negative return late in life is balanced by the early recovery of the cost of removal). However, these negative results unfairly disadvantage a company with respect to the recovery of administrative and tax expenses, since those carrying charge percentages are calculated against total plant, then applied to a negative or abnormally low net plant investment pole figure. Rather than to adjust the cost of removal as proposed by SWB, Sprint believes that the use of a gross plant investment methodology (rather than a net plant methodology) would allow companies to set attachment rates that are compliant with the statutory requirements and could be applied uniformly without having to determine special treatment where book value is negative.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	GC Docket No. 97-98
Amendment of Rules and Policies	)	
Governing Pole Attachments	)	

COMMENTS OF SPRINT CORPORATION

I. Introduction

By Notice of Proposed Rulemaking ("NPRM") issued in the above referenced docket on March 14, 1997, the Commission seeks comment on proposed modifications to the Commission's rules relating to the maximum just and reasonable rates utilities may charge for attachments made to a pole, duct, conduit or right-of-way, commonly referred to as "pole attachments."[1] The Commission indicates in the NPRM that it believes that a re-evaluation of this formula may be necessary to improve accuracy in the continued application of these rules to cable television systems and to telecommunications carriers pursuant to the Telecommunications Act of 1996 ("1996 Act").[2] The Commission also proposes amending the formula so that the formula reflects the Commission's current accounting rules that apply to telephone companies.

In addition, the Commission notes in the NPRM that on August 26, 1994, Southwestern Bell Telephone Company ("SWB") filed a Petition for Clarification, or in the Alternative, a Waiver of the Commission's formula for computing maximum reasonable pole attachment rates

[1] See 47 U.S.C. § 224(a)(4).

[2] Telecommunications Act of 1996, Pub. L. No. 104-104, 104 Stat. 56, 149- 151, signed February 8, 1996 (to be codified at 47 U.S.C. § 224).

("SWB Petition") dealing with its current situation in Oklahoma where the Commission's pole attachment formula produces a negative net cost of a bare pole and other negative figures, resulting in negative rates.[3] In addition, a group of electrical utilities recently filed a Whitepaper ("Whitepaper") in anticipation of this NPRM.[4]

Finally, in the NPRM the Commission proposes a methodology for the determination of the maximum just and reasonable rates utilities may charge cable systems and telecommunications carriers for their use of conduit systems. The proposed formula would apply to all telecommunications carriers pending the effectiveness of the new formula required by the 1996 Act.[5]

On April 4, 1997, AEP Service Corporation, Commonwealth Edison Company, Duke Power Company, Florida Power and Light Company and Northern States Power Company ("Utilities") filed a Motion for Extension of Time ("Motion") to file comments and reply comments. The Utilities request that the Commission grant a 60-day extension to file initial comments and request that the reply period be increased from 30 to 45 days. By Order dated April 28, 1997 the Commission granted the request.[6]

---

[3] Southwestern Bell Telephone Company, Computation of Rates for Attachment of Cable Television Hardware to Utility Poles, Petition for Clarification or in the Alternative, a Waiver, AAD 94-125 (filed Aug. 26, 1994) (SWB Petition).

[4] Whitepaper filed by the law firm of McDermott, Will and Emery on August 28, 1996. The Whitepaper was filed on behalf of the American Electric Power Service Corporation, Commonwealth Edison Company, Duke Power Company, Entergy Services, Inc., Florida Power and Light Company, Northern States Power Company, The Southern Company and Washington Water Power Company.

[5] 47 U.S.C. § 224(e)(1) as added by the 1996 Act, § 7. In a separate proceeding, within the two-year period specified in Section 224(e), the Commission will adopt a separate conduit formula for telecommunication carriers. Thereafter, the conduit formula adopted by this NPRM will only be applicable to cable systems who solely provide cable services.

[6] In The Matter Of Amendment Of Rules And Policies Governing Pole Attachments, CS Docket No. 97-98,

Sprint Corporation hereby submits it comments in this regard.

II. Adjustments to Pole Attachment Formula

A. Useable Space Calculation

As the Commission notes, the Whitepaper suggests that an increase in the presumptive pole height is appropriate.[7] Sprint submits that such an adjustment is unwarranted. Although it may be assumed that more poles of 40 feet or more are being set to accommodate more joint use than in the past, the conclusion that can be drawn from such an assumption is not clear. The embedded base of poles consists of a mixture of varying lengths. It is by no means clear that the average height of a given pole can be assumed to be 40 feet. Sprint suggests that the presumptive height selected by the Commission should be a reflection of actual field conditions. In the absence of an undertaking of a new comprehensive survey for telecommunications carriers as well as power companies regarding actual field experience, the Commission should not at this time change the presumptive height of a pole for use in the pole attachment formula.

The Commission notes that it has always recognized that the National Electric Safety Code ("NESC") requires that a 40 inch safety space must exist between electric lines and communication lines.[8] The NESC requires a 40 inch safety space to minimize the possibility of physical contact by employees working on cable television or telecommunications attachments with the potentially lethal electric power lines. The Commission seeks comment on the premise that the safety space emanates from a utility's requirement to comply with the NESC and should properly be assigned to the utility as part of its usable space.

DA 97-894, Adopted: April 28, 1997, Released: April 29, 1997.

[7] NPRM at paragraph 18.

[8] NPRM at paragraph 19.

Sprint disagrees with the premise established by the Commission in this regard. The Commission has assumed that this space emanates from the utilities' requirement to comply with the NESC and should properly be assigned to the utility as part of its usable space.[9] Sprint submits that all attaching parties are required to comply with NESC, not just the owner of the pole. As a result, a preferable approach would be to regard this space as non-useable space.[10] Clearly, all users of the pole derive a benefit from this restriction in some shape or form. This restriction keeps crews and workers of the telecommunications or CATV company away from the power company equipment. The power company, whether or not the owner of the pole , benefits as well.

Furthermore, the statute defines "useable space" as that "space above the minimum grade level which can be used for the attachment of wires, cables, and associated equipment."[11] Clearly, the prohibition on use of this space contained in NESC makes this space unusable - no wires, cables, and associated equipment can be attached in this space.

The Commission also seeks comment on the inclusion in the cost mechanism of bare poles that are 30 feet or less.[12] Sprint suggests that the existence of such poles needs to be included in the assumptions that go into the development of a theoretical pole height. Sprint operating companies have a significant number of 35 and even 30 foot jointly used poles in the

---

[9] Id.

[10] To the extent that the power company has leased some of the safety space to municipalities for street lights, that should be charged to the power company and not other users. This could be accomplished on a weighted basis - assuming lights are on a given percentage of jointly used poles.

[11] 47 U.S.C. § 224(d)(2).

[12] NPRM at paragraph 20.

field for purposes of service drops, where attacher separation issues and road clearance compliance requirements are not a problem. One element that drives the use of a higher pole by electric companies is the need for compliance with the NESC required clearance of the 40 inch safety space between electric lines and other lines on the pole. Electric companies need that space to accommodate their facilities. This is not true for telecommunications company requirements. Technology has generally decreased telecommunications space requirements on poles. The Commission's premise, that poles that are 30 feet or less lack a sufficient amount of usable space, is incorrect. Operating telecommunications carriers may have many poles that are only 30 feet and these poles adequately accommodate telecommunications facilities and cable facilities. To take these poles out of the equation would distort the bare pole calculation unfairly against telecommunications companies.[13]

Based on the foregoing, Sprint submits that the useable space assumed in the formula for all poles should be 10 feet. This is based on the current 13.5 foot assumption for useable space on a pole adjusted for removing the NESC required clearance of the 40 inch safety space.

B. SWB Petition Issue

As a preliminary matter, it is difficult to justify the use of the current formula, with or without the modifications set forth in the NPRM, for the calculation of the pole attachment rates. It is obvious that this approach ignores the economics of the transactions involved and the benefits that the parties to a transaction are receiving. This approach is antithetical to the forward looking costing approach adopted by this Commission in numerous recent decisions which is utilized to develop a competitive environment for the telecommunications industry in general.

[13] A study of Continuing Property Records for the Sprint operating telephone companies based upon 1995 records revealed that the average pole contacted for a pole attachment request is 36.9 feet. While there are an abundance of contacts for poles which are 35 feet or 40 feet, there are some shorter and taller.

Sprint assumes that the lack of any reference in the NPRM on the use of a TELRIC approach for pricing of these services is due to the perceived statutory limitations that Section 224 imposes upon the Commission in making these determinations. If such is not the case, Sprint would urge the Commission to address the issue of the use of TELRIC pricing for pole attachments and the use of conduit.

The Commission seeks comments with respect to SWB's Petition. The areas noted by the Commission for comment include the scope of the problem set forth in the SWB Petition (including the number of jurisdictions where accumulated depreciation balances currently exceed the gross pole investment and where they are expected to be in the near future), the rates being charged in such jurisdictions and how such rates comport with the statutory maximum rate.[14]

Many of the Sprint operating telephone companies have experienced the same problem that SWB has experienced in Oklahoma. Attached as Exhibit 1 is a summary of the depreciation reserve status of the operating telephone companies based on 1996 year end information. As is readily apparent, a significant number of the companies have experienced or are close to experiencing negative net plant for the relative accounts. As a result, the rates charged users are continually eroding in these jurisdictions, putting the telephone industry at a disadvantage. Typical rates erode as the poles age.

In the SWB Petition, SWB argues that in Oklahoma, the Commission's pole attachment formula produces a negative net cost of a bare pole and other negative figures, resulting in negative rates.[15] SWB asserts that these abnormal results arise as the original costs of the poles

---

[14] NPRM at paragraph 21.

[15] NPRM at paragraph 12.

are depreciated over time, particularly since the cost of removing the pole at the end of its useful life is included in the original cost of the pole. Because the cost of removal can be high, SWB argues it has resulted in negative net pole investment for its poles in Oklahoma. SWB proposes to remedy the rate problem by extracting the cost of removing poles from the formula for calculating the accumulated depreciation used to determine pole attachment rates. This would increase the net pole investment SWB would use in applying the formula, thereby making SWB's pole attachment rates positive under that formula.

As the Commission notes, the inclusion of the cost of removal in the calculation of depreciation for poles tends to relieve attaching parties of sharing their proportionate burden of the total cost maintaining poles as full recovery of the poles investment takes place over time. One possible modification that would eliminate this effect would be to adjust the current net investment approach. The adjustment would eliminate the net salvage amount from the accumulated depreciation balance when the net value of poles becomes negative. Removal of the net salvage amount would, for the purpose of pole attachment rate calculation, restate the accumulated depreciation account to reflect only the depreciation of the pole investment, restoring the net pole investment to a positive balance. Calculating the appropriate amounts to recognize the continuing cost of pole ownership could be done as currently provided in the formula.

Sprint is sympathetic with SWB and agrees that companies with low or negative book value are not recovering the minimum costs of the attachment they are entitled to recover based on the proposed formula for pricing of pole attachments. Sprint supports the intent of the SWB Petition to cure the negative rate problem. Extracting the cost of removing poles from the formula used to determine pole attachment rates is one possible method. Although Sprint has not as yet

experienced a calculation of rates that result in a negative rate, Sprint submits that the effect of the current calculation, if the cost of removal is unadjusted, is to artificially lower the prices for attachments in mature plant. Sprint agrees that cost of removal should then be left out of the equation for the calculation of depreciation, return and tax components (because negative return late in life is balanced by the early recovery of the cost of removal). However, these negative results unfairly disadvantage a company with respect to the recovery of administrative and tax expenses, since those carrying charge percentages are calculated against total plant, then applied to a negative or abnormally low net plant investment pole figure. The Commission has sought detailed assessments of the effects of the (SWB) methodology on attachment rates.[16] A hypothetical situation moves the rate from $3.06 to $1.57 when net book is very low to $.82 when net book is negative to $4.34 when the SWB adjustment is applied.

Rather than to adjust the cost of removal as proposed by SWB, Sprint believes that the use of a gross plant investment methodology (rather than a net plant methodology) would allow companies to set attachment rates that are compliant with the statutory requirements and could be applied uniformly without having to determine special treatment where book value is negative. The net book method, with the adjustment of removal costs proposed by SWB, will result in an under recovery of administration and tax costs because of the declining basis on which these costs are proposed to be calculated. Maintenance, administrative and some tax expenses are continuing and are not related to net book value of the investments in poles and conduit. The gross book method, as proposed by Sprint, would correct this situation because administration, maintenance and tax factors would be recovered based on the relationship of gross pole plant to total plant

[16] NPRM at paragraph 28.

which results in a more equitable rate and is applicable regardless of the net investment. Attached as Exhibit 2 is a proposed formula for this purpose.

The Commission has requested comments on whether gross book results in higher rates.[17] Such an approach appears to result in higher rates when poles are older than average plant, but the reverse is true when poles are newer than average plant.

In proposing the use of the SWB adjustment methodology, the Commission expressed concern that because telephone and electric utilities install poles over time at various original costs and because net salvage estimates vary over time, the extraction of the net salvage effect from accumulated depreciation could prove to be difficult.[18] Sprint suggests, however, that although it is not identified in the regulatory reports, reliable salvage estimates can be calculated fairly easily. Given the example contained in footnote 51 on pages 9 and 10 of the NPRM and assuming a $500 pole with an estimated $200 net salvage and a 10 year life, the net salvage accrual in the reserve is 2/7ths of the reserve, given that the going forward assumptions generate $500 obsolescence and a $200 net salvage. While the actual accruals looking backward will have different mixes of obsolescence-to-net salvage, such data for the current net salvage estimates are readily found in depreciation filings.

C. Other Proposed Formula Adjustments

Sprint generally agrees with the proposed modifications set forth by the Commission to take into account changes in the calculation of the formula. With respect to power company maintenance, Sprint agrees that it would be appropriate to include a portion of the costs in

[17] NPRM at paragraph 29.

[18] NPRM at paragraph 28.

Account 590 as maintenance carrying charge. Sprint also supports setting the default rate of return at 11.25% for all purposes.

III. Conduit Attachment Issues

As the Commission notes, when computing the cost of a bare pole, the Commission's formula uses a factor 0.85 for electric utilities or 0.95 for telephone companies by the net asset value of poles to eliminate investment that is included in the pole investment balance but which supports the pole owners operations exclusively.[19] For telephone company conduit, the Commission tentatively concludes that there is no such comparable non-cable related investment in Account 2441 that supports telephone company operations exclusively; thus, the computation of telephone company net conduit does not reflect an adjustment factor for such non-conduit investment. Sprint agrees that the application of the 85% or 95% factor has no relevance to conduit. The adjustment factor should be 100%.

Sprint also suggests that the use of the label "conduit" investment is limiting. Account 2441 contains both conduit and manholes. The cost of the manholes should be shared as well, and can be allocated on a per conduit meter basis.

The Commission also seeks comment on the half-duct methodology approach for its proposed rules on conduit. In the Greater Media decision, the Massachusetts Department of Public Utilities ("MDPU") found that a half-duct methodology was a reasonable approach to establish a conduit attachment rate for the complainant cable operator.[20] The MDPU held that since the space occupied by the cable operator required the use of only one half-duct, and that its use did not preclude the use of the other half of the duct, the cable operator should only be

[19] NPRM at paragraph 42.

[20] NPRM at paragraph 44.

charged for a half-duct. Moreover, the MDPU found that unless a cable operator's conduit precludes use by other conduit attachers, the cable operator should pay only for a half-duct. In order to apply the half-duct formula, a determination of the cost per foot of one duct must be made, and then divided by one-half to produce a "half-duct convention." This methodology determines the maximum just and reasonable rate per attachment, per duct foot that can be charged.

Sprint does not agree that the half-duct methodology should be adopted as presented. Due to construction difficulties and the likelihood of damage to the cables inherent in such a procedure, Sprint operating companies do not pull a second cable through a duct already containing cable. In addition, some users want to occupy a completely vacant duct and there should be no reduction for space at all - they lease 100%. Sprint will share duct if innerduct dividers are present or can be inserted. Under such circumstances, however, the user should pay for the innerduct installation as work necessary for the user to share the duct.

III. Conclusion

Sprint supports the Commission's conclusions with respect to its rules relating to the maximum just and reasonable rates utilities may charge for attachments made to a pole, duct, conduit or right-of-way as the Commission has outlined them in its NPRM, as modified in light of the comments set forth herein.

Sprint Corporation

by _____

Jay C. Keithley
1850 M St., N.W., Suite 1110
Washington, D.C. 20036
(202) 857-1030

Joseph P. Cowin
PO Box 11315
Kansas City, Missouri 64112
(913) 624-8680

June 27, 1997

Exhibit 1

Company	% of Gross Plant	
	Depreciation Reserve	Net Plant
Sprint-Florida, Inc.	65.59%	34.41%
Carolina Telephone and Telegraph Company	67.84%	32.16%
Central Telephone Company - North Carolina	54.35%	45.65%
United Telephone - Southeast, Inc.	53.58%	46.42%
Central Telephone Company of Virginia	52.93%	47.07%
United Telephone Company of the Carolinas	53.70%	46.30%
United Telephone Company of Ohio	77.83%	22.17%
United Telephone Company of Indiana, Inc.	88.83%	11.17%
Central Telephone Company of Illinois	65.80%	34.20%
Central Telephone Company - Nevada	53.94%	46.06%
United Telephone-Southcentral Kansas	150.38%	-50.38%
United Telephonc Company of Eastern Kansas	128.82%	-28.82%
United Telephone Company of Kansas	84.07%	15.93%
United Telephone Company of Minnesota	91.84%	8.16%
United Telephone Company of Missouri	51.39%	48.61%
United Telephone Company of the West	136.77%	-36.77%
United Telephone Company of Texas	98.72%	1.28%
Central Telephone Company of Texas	91.01%	8.99%
United Telephone Company of New Jersey	59.56%	40.44%
United Telephone Company of Pennsylvania	55.63%	44.37%
United Telephone Company of the Northwest	101.96%	-1.96%
Total Sprint LECs	65.26%	34.74%

Exhibit 2

CALCULATION OF POLE CONTACT AMOUNT - FCC FORMULA - VARIOUS NET BOOK SCENARIOS

	75% RESV		95% RESV		105% RESV - NO SWB ADJ		105% RESV - WITH SWB ADJ	
GROSS PLANT INVESTMENT - REG TPIS	$1,000,000,000	100.00%	$1,000,000,000	100.00%	$1,000,000,000	100.00%	$1,000,000,000	100.00%
PLANT DEPRECIATION RESERVE	$600,000,000	60.00%	$600,000,000	60.00%	$600,000,000	60.00%	$600,000,000	60.00%
PLANT NET BOOK VALUE	$400,000,000	40.00%	$400,000,000	40.00%	$400,000,000	40.00%	$400,000,000	40.00%
PROPERTY RELATED DEFERRED FIT	$40,000,000		$40,000,000		$40,000,000		$40,000,000	
PLANT NET RATE BASE	$360,000,000	36.00%	$360,000,000	36.00%	$360,000,000	36.00%	$360,000,000	36.00%
GROSS POLE INVESTMENT	$40,000,000	100.00%	$40,000,000	100.00%	$40,000,000	100.00%	$40,000,000	100.00%
POLE DEPRECIATION RESERVE	$30,000,000	75.00%	$38,000,000	95.00%	$42,000,000	105.00%	$42,000,000	105.00%
ADD BACK SWB 45% NET SALV ACCRUAL (IF APPLICABLE)					$0	0.00%	$18,900,000	45.00%
POLE NET BOOK VALUE	$10,000,000	25.00%	$2,000,000	5.00%	($2,000,000)	-5.00%	$16,900,000	40.00%
DEFERRED TAXES - POLES	$1,500,000		$1,500,000		$1,500,000		$1,500,000	
NET RATE BASE - POLES	$8,500,000	21.25%	$500,000	1.25%	($3,500,000)	-8.75%	$15,400,000	38.50%
OPERATING TAX EXPENSE (FIT & OTHER)	$55,000,000		$55,000,000		$55,000,000		$55,000,000	
ADMISTRATIVE EXPENSE	$88,000,000		$88,000,000		$88,000,000		$88,000,000	
POLE MAINT EXPENSE(LESS POLE RENT)	$500,000		$500,000		$500,000		$500,000	
POLE DEPRECIATION RATE	8.00%		8.00%		8.00%		8.00%	
COST PER BARE POLE:								
35'/40' POLE WITHOUT HARDWARE ORIG COST	$215.00		$215.00		$215.00		$215.00	
NET BOOK	$53.75		$10.75		($10.75)		$86.00	
NET RATE BASE	$45.69		$2.69		($18.81)		$82.78	
CARRYING CHARGE AS A PERCENTAGE:								
COST OF CAPITAL (STATED RATE PER BELOW)	7.03%		7.03%		7.03%		7.03%	
TAXES (AS PCT OF PLANT NRB)	15.28%		15.28%		15.28%		15.28%	
ADMINISTRATION (AS PCT OF PLANT NRB)	24.44%		24.44%		24.44%		24.44%	
MAINTENANCE (AS PCT OF POLE NRB)	5.88%		100.00%		-14.29%		3.25%	
DEPRECIATION (DEPR RATE/NET POLE PCT)	37.65%		640.00%		-91.43%		20.78%	
CARRY CHG APPLIED TO NET RATE BASE	90.28%		786.75%		-58.97%		70.78%	
ATTACHMENT RATE CALCULATION:								
RATE BASE PER BARE POLE =	$45.69		$2.69		($18.81)		$82.78	
CARRYING CHARGE =	90.28%		786.75%		-58.97%		70.78%	
USE RATIO =	7.41%		7.41%		7.41%		7.41%	
RENTAL RATE	$3.06		$1.57		$0.82		$4.34	

COST OF CAPITAL DATA:	DOLLARS	RELATIVE PCT	RTN PCT	WEIGHTED COC
COMMON EQUITY	$275,000,000	62.50%	11.25%	7.03%
PREFERRED EQUITY	$0	0.00%	0.00%	0.00%
LT DEBT	$165,000,000	37.50%	0.00%	0.00%
TOTALS	$440,000,000	100.00%	11.25%	7.03%

EXHIBIT 3 - POLE ATTACHMENT FORMULAS
(Modified as Proposed by Sprint)

Telecommunications Companies:

Maximum Rate = $\frac{\text{(Space Occupied by Attachment}}{\text{Total Usable Space}} \times \text{Carrying Charge Rate} \times \text{Gross Pole Investment} \times .95) \div \text{Total \# of Poles}$

Total Carrying Charge Rate = Administrative + Maintenance + Depreciation + Taxes + Return

Administrative Carrying Charge Rate = $\frac{\text{Total Administrative and General (Accounts 6710 + 6720 + 6110 + 6120 + 6534 + 6535)}}{\text{Gross Plant Investment}}$

Maintenance Carrying Charge Rate = $\frac{\text{Account 6411 - Rental Expense, Poles}}{\text{Gross Pole Investment}}$

Depreciation Carrying Charge Rate = Depreciation Rate, Poles

Tax Carrying Charge Rate = $\frac{\text{Operating Taxes, Account 7200}}{\text{Gross Plant Investment}}$ (* See Alternative formula below)

Return Carrying Charge Rate = $\frac{\text{Applicable Rate of Return}}{\text{Net Pole Investment/Gross Pole Investment}}$

Space Occupied by Attachment = 1 foot

Total Usable Space = 13.5 feet per current FCC Requirement, Sprint proposes revision to 10 Feet.

Gross Plant Investment = Account 2001

Gross Pole Investment = Account 2411

Net Pole Investment = Account 2411 - Accum. Depreciation, Poles - Accum. Deferred Income Taxes, Poles

Alternative tax recovery to using 7200 account:

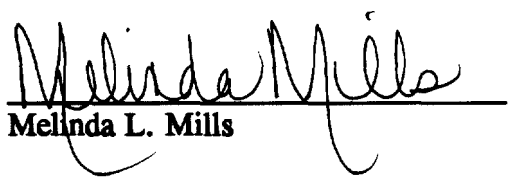
Other Tax Carrying Charge Rate = $\frac{\text{Other Taxes, Account 7240}}{\text{Gross Plant Investment}}$

Federal Income Tax Carrying Charge Rate = $1 \div (1 - \text{Federal Tax Rate}) \times (\text{auth equity r of r}) \times \frac{\text{(common equity)}}{\text{(common eq, pref eq, LTD accts 4050 \& 4210)}} \times \text{(net pole investment/gross pole investment)}$

State Income Tax Carrying Charge Rate = $1 \div (1 - \text{State Tax Rate}) \times (\text{auth equity r of r + fit carry chg rate}) \times \frac{\text{(common equity)}}{\text{(common eq, pref eq, LTD)}} \times \text{(net pole investment/gross pole investment)}$

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 27th day of June, 1997, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Comments of Sprint Corporation" in the Matter of Amendment of Rules and Policies Governing Pole Attachments, GC Docket No. 97-98, filed this date with the Acting Secretary, Federal Communications Commission, to the persons on the attached service list.



Melinda L. Mills

* **Indicates Hand Delivery**

Wilbur Thomas*
ITS
1919 M Street, NW, Room 246
Washington, DC 20554

Joel Ader*
Bellcore
2101 L Street, NW, 6th Floor
Washington, DC 20037

Michael T. McMenamin*
Cable Services Bureau
Federal Communications Commission
2033 M Street, NW
Room 801B
Washington, DC 20554